

Message Text

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ACTION COME-00

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TAGSC BEXP, IS

SUBJECT: FY 1975 COUNTRY COMMERCIAL PROGRAM (CCP)

REF: STATE 006882

1. DELAY IN REPLYING REFTEL CAUSED BY SEVERAL PROMOTIONAL ACTIVITIES TAKING PLACE ALMOST SIMULTANEOUSLY, COUPLED WITH PERSONNEL CHANGES IN E/C SECTION. MOREOVER, DEFINITION OF WHAT OUR COMMERCIAL OBJECTIVES SHOULD BE IN ISRAEL IS DIFFICULT AT THIS TIME. THERE ARE MAJOR UNCERTAINTIES, DERIVING MAINLY FROM OCTOBER WAR, CONCERNING INTER-RELATED QUESTIONS OF BASIC ECONOMIC POLICY, DOMESTIC POLITICAL SITUATION, AND ISRAEL'S FUTURE RELATIONS WITH ITS NEIGHBORS. HOWEVER, CERTAIN ECONOMIC FACTS AND POLICY DIRECTIONS ARE EMERGING WHICH PROVIDE SOME GUIDANCE FOR SETTING COMMERCIAL OBJECTIVES OVER THE NEXT YEAR.

2. MOST DIFFICULT PROBLEMS IN ECONOMIC AREA WILL BE SHARP INFLATION AND ACUTE SHORTAGE OF SKILLED MANPOWER. LATTER POSES REAL LIMIT ON ECONOMIC GROWTH, BUT ALSO STIMULATES DEMAND FOR HIGH TECHNOLOGY, LABOR-SAVING MACHINERY AND EQUIPMENT. DEFENSE PRODUCTION AND INDUSTRIAL DEVELOPMENT (PARTICULARLY IN EXPORT INDUSTRIES) WILL BE GIVEN HIGHEST PRIORITY. MUCH HIGHER BUDGET ALLOCATIONS FOR DEFENSE INSURES CONTINUED EXPANSION AND GREATER DEMAND FOR EQUIPMENT IMPORTS IN ELECTRONICS AND ENGINEERING INDUSTRIES. PRIVATE CONSUMPTION AND

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GENERAL INVESTMENT ARE EXPECTED TO DECLINE OR AT

LEAST NOT GROW AS FAST AS IN RECENT YEARS. ENERGY
NEEDS WILL PROVIDE STIMULUS TO ISRAEL'S NUCLEAR POWER PROGRAM.

3. IN THESE CIRCUMSTANCES, WE RECOMMEND FOLLOWING
OBJECTIVES AND COURSES OF ACTION:

A. OBJECTIVE ONE: INCREASE US METALWORKING AND
MACHINE TOOLS SALES IN ISRAEL.

ACTION ONE: SUPPORT VERTICAL MACHINE TOOL SHOW
AS PART OF TECHNOLOGY '75 TO BE HELD MAY 20-27.
THIS RECOMMENDATION BASED ON RESULTS OF RECENT
IOGA NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION
(NMTBA) TRADE MISSION AND TIR STUDY.

ACTION TWO: EXPAND EMBASSY'S CONTACTS WITH
THIS INDUSTRY, ESPECIALLY WITH DEFENSE SECTOR,
SEEK TRADE OPPORTUNITIES AND AGENTS FOR
PARTICIPATION IN TRADE SHOW.

ACTION THREE: DEVELOP AT LEAST FIVE SIGNIFICANT
TRADE OPPORTUNITIES IN THIS FIELD.

B. OBJECTIVE TWO: EXPAND SALES US ELECTRONIC GOODS
INCLUDING ELECTRONIC PRODUCTION AND TEST EQUIPMENT.

ACTION ONE: STEP UP PROMOTION EFFORT WITH THIS
KEY INDUSTRY, WITH SPECIAL ATTENTION TO LEADING
MANUFACTURERS AND AGENTS, PROVIDING SUPPLEMENTAL
CHANNEL BETWEEN ISRAELI AND US INDUSTRY WHERE NEEDED.

ACTION TWO: ARRANGE TECHNICAL SALES SEMINAR MID-
NOVEMBER 1974 ON ELECTRONICS PRODUCTION AND TEST
EQUIPMENT.

ACTION THREE: DEVELOP AT LEAST FIVE TRADE
OPPORTUNITIES IN ELECTRONICS FIELD.

C. OBJECTIVE THREE: INCREASE US SHARE OF CONTRACTS
FOR MAJOR INDUSTRIAL PROJECTS, INCLUDING MAJOR SHARE
OF NUCLEAR POWER PLANT CONSTRUCTION, EQUIPMENT AND
ENGINEERING.

ACTION ONE: ACTIVELY SEEK INFO ABOUT MAJOR
INDUSTRIAL PROJECTS, EMPLOYING ALL ELEMENTS OF
EMBASSY, AND ASSIST US FIRMS IN BIDDING SUCCESSFULLY
FOR CONTRACTS.

ACTION TWO: STAY ABREAST OF DEVELOPMENTS IN
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NUCLEAR POWER PLANT PROGRAM, WITH TIMELY REPORTING
OF DEVELOPMENTS AND SALE OPPORTUNITIES.

D. OBJECTIVE FOUR: EXPAND SALES OF US INDUSTRIAL
CONTROL EQUIPMENT IN ISRAEL.

ACTION ONE: SUPPORT INDUSTRIAL CONTROLS TRADE
MISSION TENTATIVELY SCHEDULED MAY 1975.

E. OBJECTIVE FIVE: INCREASE SALES OF US PRINTING AND GRAPHIC ARTS EQUIPMENT.

ACTION ONE: SUPPORT TIMPRINT PRINTING AND GRAPHIC ARTS INTERNATIONAL EXHIBITION IN OCTOBER 1974, INCLUDING TECHNICAL SEMINAR BY PARTICIPANTS.

F. OBJECTIVE SIX: INCREASE SALES OF TIME AND LABOR SAVING BUILDING EQUIPMENT AND MATERIAL.

ACTION ONE: HOLD BUILDING MATERIALS AND EQUIPMENT CATALOG SHOW OR TRADE MISSION FIRST HALF OF MARCH 1975.

4. RESOURCE ALLOCATION: EMBASSY COMMERCIAL SECTION IS UNDER-STAFFED AND UNABLE TO HANDLE ADEQUATELY CURRENT WORKLOAD, LET ALONE ACHIEVE OBJECTIVES SET OUT ABOVE. CURRENT STAFFING CONSISTS OF COMMERCIAL ATTACHE (FSR-3), ONE ROTATING JUNIOR OFFICER TRAINEE (FSO-7), TWO SENIOR COMMERCIAL ASSISTANTS (FSL-1), FOUR OTHER FSL COMMERCIAL EMPLOYEES. TO ATTAIN PROPOSED OBJECTIVES AND PURSUE COMMERCIAL PROGRAM WHICH WE BELIEVE APPROPRIATE FOR ISRAEL, WE WILL NEED FOLLOWING ADDITIONAL RESOURCES: (1) ASSIGNMENT OF EXPERIENCED MIDDLE GRADE OFFICER, FSO-4 OR 5, AS ASSISTANT COMMERCIAL ATTACHE; (2) TWO SENIOR FSL COMMERCIAL ASSISTANTS (3) ADDITIONAL FUNDS TO IMPROVE COMMERCIAL LIBRARY: AND (4) ADDITIONAL TRAVEL AND REPRESENTATIONAL FUNDS FOR COMMERCIAL PROGRAM.
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